



ADFA

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

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**PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM**

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June 6, 2005

The President's Advisory Panel on Federal Tax Reform
1440 New York Avenue, N.W.
Suite 2100
Washington, D.C. 20220

Fax No. Senator Connie Mack: 202-226-0439

Dear Chairman Mack and other Panel members:

As you consider proposals to reform the Internal Revenue Code, we urge you to protect the Low Income Housing Tax Credit (Housing Credit) and tax-exempt private activity housing bond (Housing Bond) programs, the most important and effective tools we have to address our nation's growing need for affordable housing.

It is imperative that you consider the impact of reform proposals on these programs. Even proposals that may seem to have no impact on the Housing Credit and Bond programs could have significant unintended consequences, as we discovered in 2003 when the Administration's dividend tax cut proposal threatened to reduce annual Housing Credit apartment production by more than one-third.

More than 14 million American working families of modest means spend at least 50 percent of their income on housing. Hundreds of thousands more live in substandard housing or are homeless. The Housing Credit and Bond programs help address these unmet needs by making homeownership and rental housing affordable to those families.

The Housing Credit and multifamily Housing Bond programs have been enormously successful in *Arkansas*. Since 1984, 19,885 apartments for low-income families have been financed with credits totaling \$63,984,224. This amount has also been leveraged with \$139,785,000 in Housing Bonds.

ADFA began securitization of single-family loans through GNMA in 1988 and has produced a total of 28,179 loans since that time. The total dollar amount of loan originations has been \$1,528,298,178 and the average household income for these families has been \$28,128.51.



Recent significant reductions in federal appropriations for housing programs despite the growing need are exacerbating the problem of affordable housing in many communities across Arkansas. Furthermore, these programs promote economic growth and increase employment. For example, in fiscal year 2004, \$85,853,521.50 originated in first-time homebuyer loans resulted in:

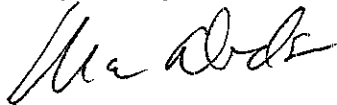
Local Jobs Supported:	611
Local Business Owner's Income:	\$ 5,078,920.00
Local Wages & Salaries:	\$22,839,620.00
Local Government Revenue:	<u>\$ 3,602,580.00</u>
Total Local Monetary Impact:	\$31,521,120.00

In addition, the HOME and Housing Credit Programs had total financing of \$20,130,547.46 in FY 2004. This resulted in the following impact:

Local Jobs Supported:	1,193
Local Business Owner's Income:	\$11,040,000.00
Local Wages & Salaries:	\$45,105,000.00
Local Government Revenue:	<u>\$ 7,605,000.00</u>
Total Local Monetary Impact:	\$63,750,000.00

I urge you to oppose tax reform proposals that would directly or indirectly harm these vital programs.

Respectfully,



Mac Dodson
ADFA President